Nascent Entrepreneurs and Internet Based Crowd Funding: An examination of barriers in practice

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Abstract

Background

Internet Enabled Crowdfunding (IECF) is evolving fast to become a global phenomenon and has an increasingly important role for the seed financing of Nascent Entrepreneurs. Although Crowdfunding is growing in popularity, basic academic knowledge in understanding of the general phenomena is still necessary. Academic and policy attention is drawn to the high growth "Gazelle's" rather than the more typical entrepreneur who starts from an under privileged position, using their own savings to start a low-productivity firm in a highly competitive market. A number of non-economic aspects appear to be impacting on the IECF process.

Aim

The aim of this paper is to explore the barriers to finance for Nascent Entrepreneurs in the context of internet-based crowd funding. While the advantages of IECF are documented, for many potential entrepreneurs, it can be source of new barriers or a new learning environment. The debates around problems faced by nascent entrepreneurs are reviewed and the impact of IECF is considered.

Research Approach

The review is carried out via the use of a Systematic Literature Review (SLR). The particular approach to the SLR used in this study is explained. The paper then explores the findings outlining themes emerging from the review and discussing the emerging barriers under those themes.

Contribution

This paper positions the phenomenon of IECF against the landscape and context of Nascent Entrepreneurs and explores the barriers that face Nascent Entrepreneurs in their start up journey. Research suggests a lack of access to funding as being a fundamental problem faced by Nascent Entrepreneurs. But this paper goes beyond the identification of traditional barriers and focusses on issues that are emerging because of the innovative use of web 2.0. The paper contributes to a better understanding of the role and impacts that Web 2.0 and social media is having on the access to finance for nascent entrepreneurs. This paper concludes with implications of the emergence of new barriers for Nascent Entrepreneurs. Future research questions are proposed based on emergent themes.

Keywords: Internet, Crowd Funding, Nascent Entrepreneurs, Startups, Entrepreneurial Finance, Barriers

Background

Internet Enabled Crowd funding (IECF) is evolving fast to become a global phenomenon and has an increasingly important role for the seed financing of Nascent Entrepreneurs. Although Crowd funding is growing in popularity, basic academic knowledge in understanding of the general phenomena is still necessary (Mollick, 2014). IECF is a Web 2.0 enabled phenomenon, where websites, referred to as 'platforms', act as intermediaries to connect entrepreneurs to web users, who provide funding in exchange for some claims on the project revenues, or for a reward, or simply for donation. The Nascent Entrepreneur is the level of analysis for this paper. Academic and policy attention is drawn to the high growth "Gazelle's" rather than the more typical entrepreneur who starts from an under privileged position, using their own savings to start a low-productivity firm in a highly competitive market (Nightingale & Coad, 2014). Gazelle's attract finances more readily due to the perceived outcomes from high growth, of rent for investors, job creation and value creation for economic contribution. The more typical entrepreneur is marginalized as contributing little to the economy due to potential value destruction and high risk of an early demise. Research has long identified a series of critical barriers facing Nascent Entrepreneurs (Renko, 2013). These barriers are considered in the light of emerging evidence from research on IECF.

IECF encompasses the use of existing modes of finance of Equity, Loans and Donations. It also has given rise to Rewards Based Crowd Funding (RBCF), an alternative mode of finance which relies purely on customer interaction and the provision of goods or services. IECF research has identified a number of non-economic aspects that appear to be impacting on the process (Gerber et al, 2013; Moritz & Block, 2016). These include community participation, role blurring, common passions and vicarious learning. Web 2.0 and social media appear to play a key role in facilitating interactions that may not have been possible before. In the case of Nascent Entrepreneurs[1], IECF is an innovative way to gain access to both finance and resources. However more critically, it is providing a process to test ideas prior to commitment of major resources or finance, a valuable process to deal with risk for all stakeholders.

Aim

As stated previously, research in the field of IECF field, especially looking at Nascent Entrepreneurs is in a young state and given the scope of IECF, it is pertinent that attention is focussed at looking at issues that help or hinder potential entrepreneurs to leverage the opportunities provided by IECF. While the advantages of IECF are documented (Gerber et al, 2012, Belleflamme et al, 2014), its scope is unexplored. For many potential entrepreneurs, it can be source of new barriers or a new learning environment. IECF can also initiate barriers that can prevent unproductive entrepreneurial activity. It is in this context that this paper is set; its main aim is to identify problems faced by Nascent Entrepreneurs, reviewing the debates in the literature and considering how IECF impacts on these problems and debates.

Research Approach

To understand the barriers, this paper reviews IECF and entrepreneurial activity literature in its entirety. It follows a structured methodology in identifying articles pertaining to nascent entrepreneurial activity, IECF and use of IECF in nascent entrepreneurship. The articles for review were sourced from popular ranking lists and the analysis conducted in the paper follows a qualitative review methodology (Borland et al, 2014). A 3 step approach is taken. Firstly the data from the literature is analysed using thematic analysis with the purpose of developing an overall conceptual framework relating to IECF. The papers are analysed to produce a number of emergent themes that are later grouped together to produce the dominant categories. Step 2 involves identifying a framework involving Nascent Entrepreneurship. Step 3 contextualises the opportunities and barriers in relation IECF and entrepreneurship finance and support.

Our review adapts the process followed by Tranfield et al (2003), Pittaway et al (2004), who describe the Systematic Literature Review (SLR) process in relation to Management Research and Macpherson and Holt (2007) who demonstrated its use within small firm research. Within these articles the principles of SLR are established as transparency, clarity, equality, accessibility and focus. These principles are used to guide the processes followed in this article, as while these techniques are generally applied to established fields of study within management research the topic of crowd funding is still in very early stages with a mere 6 years of literature from which to draw.

The SLR process has emerged from medical science and has substantially been developed as a positivistic approach to synthesise quantitative medical studies in a systematic, transparent and reproducible manner (Tranfield et al 2003). However it is being adapted for use within the Management research field and combined with more interpretative synthesis of the findings with the aim of obtaining a greater understanding by combining the underlying reasons or resources identified within studies (Tranfield et al 2003). The SLR principles distinguish it from the traditional approach of narrative analysis as the process of search, selection and synthesis of the findings is clearly described and the quality of the evidence is evaluated (Pittaway et al 2004). Easterby-Smith et al (2012:107) suggests that systematic reviews are restricted to published peer-reviewed journals, nevertheless as shown by Macpherson and Holt (2007), sources from less established journals can be included where it can be demonstrated they are robust and relevant to the synthesis, and as long as the transparency principle is followed. Tranfield et al (2003) identify meta-analysis as the main tool used within systematic reviews, to pool quantitative data in medical studies. In Management research, where there are qualitative studies, other approaches are being developed as an alternative to narrative review as a more transparent approach and include realist synthesis, meta-synthesis and meta-ethnography. These approaches whilst more suitable for interpretative studies, aim to create a clearer audit trail through tabulating the findings (Tranfield et al 2003). Whilst this may help with clarity of sources there is still the problem of heterogeneity of studies.

The review process for this article is developed in the context of the crowd funding topic which, as discussed, is in very early stages. Many of the papers that have been cited in recent years are conference papers. Platforms that were researched in the early years have either been taken over or significantly adapted the business model to a rapidly changing market. For these reasons the search criteria were kept broad and both working papers and conference papers were included and a multi-disciplinary perspective serves to capture the nature of the topic more closely. In this review the stages followed are detailed in table 1. The citation indexes were searched simply for the word "crowd funding" and resulting citations downloaded into bibliographic software, then exported and analysed using a spreadsheet. Duplicates and papers that met the

[1] Again the phrases "nascent" or "early-stage" are assumed to be anything from pre-revenue, ideas stage, up to applying for venture capital where you need to demonstrate a market (Davidsson 2012).

exclusion criteria (table 2) were identified and removed from the list. Articles were obtained and analysed using Nvivo and a realist synthesis approach was adopted. Finally attributes of the studies were identified to contextualise the findings.

Table 1: Stages of the SLR process

Stage	Description
1	The researchers used citation indexes like- Scopus, World of Science and Business Source Premier etc. to identify relevant articles for "crowd funding", academic articles, for all time periods.
2	Relevant citations and abstracts were downloaded into bibliographic software (Refworks) (587 papers) and exported into a spreadsheet to sort for and exclude duplicates (495 papers)
3	The citations were sorted for all articles that related to Law and regulation and these were excluded
4	The abstracts were then reviewed and the exclusion criteria were developed and applied - Appendix 2 - (94 papers)
5	ABS quality criteria was added to the spreadsheet
6	Articles were downloaded and imported into Nvivo. The findings were manually scanned and articles sorted into categories
7	A first level thematic analysis was conducted to identify themes, methodologies, methods
8	Analysis was conducted to establish attributes of the studies to contextualise the findings; including country or region of data, transaction type (Equity, Lending, Rewards, Other, All), type of enterprise, unit of analysis, type of actor

Table 2: Exclusion Criteria

Number	Criteria	Reason For Exclusion
1	Foreign Language	Exclude articles not written in English as scholars are not multi-lingual
2	Established Businesses	Focus on new businesses
3	All non-Business Sectors	Philanthropic, Governmental Organisations that do not trade are excluded
4	All Research and Development projects	R&D projects that are in early development stages with significant timeframe before trading will commence
5	Law and Regulation	Exclude articles on law and regulation as focus is on operations rather than external environment
6	Crowd funding incidental	Inclusion of topic of crowd funding is incidental to the article subject
7	Descriptions of Crowd funding process	Any articles that only explain the process
8	Discussion and conceptual articles	The focus is only on empirical studies

Results and Discussion

The results from the systematic literature review throw light on several interesting factors that play an important role in the use of internet based crowd funding platforms. Majority of the papers reviewed highlighted the benefits of the use of virtual platforms in enabling entrepreneurial activities to develop (Macht and Weatherson 2015; Lehner, Grabmann and Ennsgraber, 2015). Table 3, lists the themes that contribute to the success of internet based crowd funding. The table highlights some of the most important reasons why Internet based crowd funding is seen as a choice to both investors and entrepreneurs. While the traditional themes point to economic measures, there are other themes which were found to be relevant in the context of internet based crowd funding. These success factors for example, include, the use of crowd funding platforms to confirm legitimacy of a venture to the use of resources available within the platforms to develop competencies.

Table 3: Influencing Factors

Success factors	Cumming, Leboeuf, & Schwienbacher (2014) Mollick (2014) Xu et al. (2016)
Organisational legitimacy	Frydrych, Bock, Kinder, & Koeck (2014) Mollick (2013) Mollick & Nanda (2014)
Concept legitimacy "Fail Fast"	Gerber et al. (2013)
Social Network access	Hekman & Brussee (2013) Hui, Greenberg, & Gerber (2013) Gerber et al. (2013)
Pricing decisions	Hu, Li, & Shi (2014)
Effort to prepare a campaign	Hui, Gerber, & Greenberg (2012)
Spatial dimension - distance / Geography	Kim & Hann (2013) Mollick (2013)
Non-economic outcomes Vicarious learning access to customers, press, employees, and outside funders	Mollick & Kuppuswamy (2014) Gerber et al. (2013) Mollick & Kuppuswamy (2014)
Technical Expert Skills Access	Schwienbacher & Larralde (2012)
Industry Knowledge - skills Access Role Blurring/transition	Schwienbacher & Larralde (2012) Gerber et al. (2013)
Control over "Investor" types	Schwienbacher & Larralde (2012)
Interest Matching Passionate "??enthusiast" & Values match	An, Quercia, & Crowcroft (2014) Gerber et al. (2013)
Idea Philanthropists	An, Quercia, & Crowcroft (2014)
"Systematic" "Investors"	An, Quercia, & Crowcroft (2014)
Choice homophily	Greenberg & Mollick (2014) Mollick (2013) Gerber et al. (2013)
Diffusion of responsibility	Kuppuswamy & Bayus (2013)
Reciprocity - community building	Zvilichovsky, Inbar, & Barzilay (2013) Gerber et al. (2013)
Self-esteem	Gerber et al. (2013)
Long-term customer interaction	Gerber et al. (2013)
Post campaign - going concern	Mollick & Kuppuswamy (2014)
Herding	Kuppuswamy & Bayus (2013)
CF reduces barriers for new ventures, solves gatekeeping, inexperience, patronage & coordination	Younkin & Kashkooli (2016)

Focussing on the barriers, the themes emerged from the literature review are listed in table 4. The themes posted here are common to all internet based crowd funding platforms and not necessarily focussed on nascent entrepreneurs. In general, the barriers to entry were varied and reflected the different stages of entrepreneurial activities. For example, obligations to reciprocate (Boeuf et al. 2014), fear of disclosure, fear of visible failure, trade-offs (Gleasure, 2015), Geographic proximity or home bias has been identified -resulting in relocations (Agrawal, Catalini and Goldfarb 2015, Burtch 2014, Giudici 2013, Lin and Viswanathan 2016). Other issues include the need to understand the priorities and specific mechanisms of crowd funding, project planning involved in campaigning and knowledge of the process – (Antonenko, Lee and Kleinheksel 2014, Davidson and Poor 2016, Hobbs, Grigore and Molesworth 2016) can sometimes hinder potential entrepreneurs to use internet- based crowd funding platforms.

Table 4: Potential Barriers in Internet Based Crowd Funding Platforms

Obligation to reciprocate - entrepreneurs become funders - reinforces the prosocial effects	Boeuf, Darveau & Legoux (2014)
Resistance to CF due to fear of disclosure, fear of visible failure, trade-offs	Gleasure (2015)
Non-financial implications; scaling; reputation; moral hazard; timing; motivations	Lehner, Grabmann and Ennsgraber (2015)
Goal level affects choice of finance type - modest goal more successful	Belleflamme et al. (2014) Antonenko, Lee and Kleinheksel (2014)

Rewards are more suitable for early stage ventures	Olufolaji (2015)
Backers prefer those that are geographically proximal (Home Bias)	Olufolaji (2015)
Entrepreneurs prefer "sponsorship"	Gedda, Nilsson, B., Såthén, (2016)
Constant communication necessary	Antonenko, Lee and Kleinheksel (2014)
Territorial social Capital may be detrimental	Giudici, Guerini, & Rossi-Lamastra (2013)
In favourable local conditions wider crowd not needed	Giudici, Guerini, & Rossi-Lamastra (2013)

In relation to nascent entrepreneurs, there is a distinct lack of research when it comes to identifying barriers not just on internet based crowd funding platforms but also through offline mechanisms and platforms. In UK Equity or business lending there are barriers that exist in traditional offline markets. For example, in equity crowd funding you have to meet criteria before being accepted onto platforms (eg accounts, evidence of market) and there is a profile wall for investors to get through before they can see all relevant project information before investments can be made. Even if investments are made, they are usually legally complex and for lending there are requirements to submit relevant business documents e.g. accounts, identity documents etc. In the case of nascent entrepreneurs, they may not yet have operated long enough to produce documents that create the requisite impression.

When looking for specific barriers that nascent entrepreneurs face in the context of internet based crowd funding, some relevant themes emerged. A significant barrier for nascent entrepreneurs in undertaking crowd funding is the size of their existing online social network. The importance for having a social network, ideally beyond immediate family and friends, has been shown to significantly influence the early stages backers which then signal to others the legitimacy of the project, success breeding success (Mollick 2014, Colombo 2015) Social networks take time and effort to build (Schutjens & Stam 2003), so a nascent entrepreneur considering utilising CF needs to work on building their network in advance of launching a CF project. A further barrier for nascent entrepreneurs undertaking a crowd funding project is deciding the target audience to focus promotional efforts on. Impression management is a challenge that needs to be addressed (Gleasure 2015), so framing a project to make it attractive is important. Some consumers have a 'Home Bias' in that they identify with projects that are geographically close. Research focused on Peer-to-peer lending shows that geographic proximity is a significant factor and is due to behavioural factors such as homophily. Whereas, research on an adapted profit-sharing model for music it was found that investment patterns are not correlated to geographic proximity (Agrawal, Catalini & Goldfarb 2015). This finding is consistent with research on the equity model (Vulkan, Astebro & Sierra 2016). Nascent entrepreneurs will possibly need to consider the suitability of their products for local, national or global markets, which may depend also on the nature of the product and the type of finance being sought.

Another barrier for nascent entrepreneurs is their technological capability. Web 2.0 and Social media play a significant role in crowd funding, facilitating the building of community. Successful projects have more friends, sparse networks (Hekman & Brussee 2013) and attract a significant number of backers (Galuszka & Bystrov 2014) from the crowd funding community through behaviours such as demonstrating mutual identification and reciprocity (Colombo, Franzoni & Rossi-Lamastra 2015). Those entrepreneurs who are technophobic, or lack training will struggle to gain the early traction needed. A further potential barrier is the ability and willingness to interact and be transparent with the community. The crowd funding community, particularly in the cultural sector, is a place where many proactively seek the opportunity for involvement and co-creation beyond the financial benefits (Ordanini et al 2011, Hills 2015). Fear of disclosure, of visible failure and of appearing desperate are fears expressed by those lacking in experience of crowd funding (Gleasure 2015) and the nature of online communities and whilst many will discover they enjoy the feeling of emotional support generated by receiving the backing of an extensive community, some will feel this as pressure (Harburg et al 2015). Clearly, there will be certain personality types that revel in the sharing process and those that are happier outside the limelight (Davidson & Poor 2015). Effective communication skills are clearly an important factor in ensuring regular updates and prompt feedback (Antonenko, Lee & Kleinheksel 2014). To add to this, with the potential for the domain to present a high risk in terms of financial loss, aside from regulation by governments and quality checks by the platforms, ideally the entrepreneur needs to be willing to take control of their legitimacy through actions such as transparent and honest disclosure (Baucus & Mitteness 2016) and clearly taking a proportion of the risk themselves, which some refer to as having 'skin-in-the-game' (Ahlers et al 2015).

A further potential barrier is being willing and able to design an appropriate financial strategy including understanding and incorporating all the costs involved. Entrepreneurs favour lower cost forms of finance and hence the most popular form of crowd funding model is "sponsorship" where the return is in the form of public recognition. However, funders favour at least an element of financial return (Gedda, Nilsson, B., Såthén 2016), so there needs to be a trade-off between access to the finance needed and the cost of that finance. The amount of finance being sought will impact on the type of crowd funding accessed (Vulkan, Astebro & Sierra 2016). This will increase the complexity and therefore the cost both initially and in terms of ongoing returns. Costs of the variety of rewards or returns needed to incentivise the community will need to be carefully factored into the overall project (Antonenko, Lee & Kleinheksel 2014) and consideration given to how to incentivise a significant backer that is willing to contribute to a third of the project value (Vulkan, Astebro & Sierra 2016) and therefore is likely to need effort to be nurtured into that role. The full list of barriers and the findings is listed in table 5

Implications and future research

Internet based crowd funding is considered as a leveller. Risks are spread for funders that contribute small amounts to projects, creating a novel way to access financial resources. Despite this, IBCF involves a number of features that have implications for those seeking to raise finance. There is a trade-off between accessing traditional sources of finance that do not expose entrepreneurs to such public scrutiny but are potentially more driven by economic gains than buying into the passion and vision of the entrepreneur. Decisions need to be made on the audience to target. Promotion resources will be limited, so an understanding of the likely preferences of the target audience in terms of proximity, for economic value or for involvement, connection and inclusion, will help direct efforts. Technical and communication abilities can be improved through training and experience, although may take time to accrue, whereas clearly demonstrating passion, emotional and material commitment to a project may require tacit personal resilience. The intensity of conducting a crowd funded project is likely to be an emotional rollercoaster, demanding a high level of engagement with a new audience who are attention poor. It would seem that preparedness is an important factor; Preparedness in terms of strategies for targeted promotion, both on social media and offline; Preparedness to handle questions with honesty and humility and with a willingness to be open to collaboration should opportunities arise. Also, being prepared for future reciprocation with those offering support, particularly if it that being offered goes beyond backing the project. Community building may lead to future support, when further rounds of finance are needed. Unwillingness to take a path requiring intense technical, emotional and collaborative commitments may make accessing finance in traditional ways more attractive by comparison.

Given the limited scope of research on IBCF there are many opportunities for future research. We list a few suggestions based on the above analysis. Whilst we have pointed to the opportunities for nascent entrepreneurs to make use of IBCF, it must be acknowledged that there is still a high failure rate to reach funding goals, for example in 2014 the platform 'Kickstarter' lists about 57% of projects failed to achieved their goals (Belleflamme and Lambert 2014). Given there is data within the crowdfunding platforms on these failed projects it could be a useful source to reduce the sample bias in entrepreneurship research that inevitably samples those that are successful as they are still in business. Research on IBCF so far is concentrated on businesses in the USA. More research needs to be done in other countries, particularly those where cultural norms may be different. There is little research on post-CF activities or impacts on the nascent ventures. Research could look into how conducting a CF affects a venture, be it successful in raising the required finance or not and whether perceived fears, as discussed earlier, are actually realised. Several studies have utilised cultural and music projects as their data sources. IBCF may be a useful context in which to compare the effects of non-economic activities and behaviours between cultural, music, high-tech and other more formal industries. It would also be of use to practitioners to know if there are industry categories where IBCF is not applicable at all or if it may be suitable but not attempted yet. There is limited research which addresses the process and experience of the CF campaign (Hui, Gerber and Greenberg 2012). Research that is more longitudinal and/or action-based may capture the microcosm of very early stage venture creation.

Table 5: Barriers for Nascent Entrepreneurs in Internet Based Crowd Funding.

Theme	Sub-theme	Authors	Findings	Crowdfunding type and Country/ Region
Networks	Dispersion of network	Agrawal, Catalini & Goldfarb 2015	Investment patterns over time are not strongly correlated to geographic proximity	Adapted profit-share model for music - Netherlands
		Vulkan, Astebro & Sierra 2016	Significant geographic dispersion of investors	Equity - UK
		Lin & Viswanathan 2016	Home Bias (geographic proximity) is driven by behavioural factors such as homophily rather than economic factors such as shipping costs	Peer-to-Peer lending - personal loans - USA
		Kim & Hann 2013	Small cities get a disproportionate benefit from crowd funding compared to traditional centres of venture capital activity	Rewards - USA
	Network Effects	Hekman & Brussee 2013	Successful projects have more friends on social media but a sparser network, suggesting that weak ties are important.	Rewards - USA
		Galuszka & Bystrov 2014	Successful projects attract a significant number of music fan investors who invest repeated small contributions and are incentivised to promote the project	Adapted equity model for music - Poland
	Community building	Colombo, Franzoni & Rossi-Lamastra 2015	Successful projects create social capital within the crowd funding community, in complement to their existing social networks of family and friends. This is nurtured by supportive behaviours of mutual identification and norms of reciprocity. Access to seed financing is supported by reducing information asymmetries. The communities facilitate the generation and observation of additional information about entrepreneurs and the viability of their projects.	Rewards - World
		Ordanini et al 2011	Backers desire patronage, social participation and investment. Backers have an innovative orientation and desire to be early-adopters, are co-creators of value. Platforms are orchestrating consumer-investors.	All types - Europe
Personal	Personal characteristics	Davidson & Poor 2015	Personalities types of culture workers, such as extraverts, that have an existing well-established community of supporters prior to crowdfunding are less dependent on their close social network and so enjoy the crowd funding experience	Rewards - USA
	Proving legitimacy	Baucus & Mitteness 2016	Ponzi entrepreneurs can circumvent investor protection, thus recommendation is that entrepreneurs obtain certification, engage in full disclosure and honest discussion of concerns	Equity - USA
		Ahlers et al 2015	Founders retaining a "substantial" equity stake is a signal for legitimacy	Equity - Australia
	Emotional effects	Harburg et al 2015	Self-efficacy of entrepreneurs can be increased by the public validation of	Rewards - USA

			financial and emotional support from an audience, although not everyone receives these benefits	
		Hills 2015	Discursive co-creation of value. Fans of cultural projects can agentively derive meaning for themselves rather than being exploited consumers.	Rewards - USA
		Gleasure 2015	Resistance to engage with crowd funding is influenced by fear of disclosure, fear of visible failure and fear of projecting desperation. These are moderated by experience within crowd funding.	All types - Rep. of Ireland
	Effective communication	Antonenko, Lee & Kleinheksel 2014	Successful projects respond to questions and comments promptly and shared them on FAQs. Also provided status updates and regular progress reports	All types - USA
Financial strategy	Choice of finance source	Gedda, Nilsson, B., Såthén 2016	Entrepreneurs favour a "sponsoring" model where return is in the form of public recognition (Offered by the three most visited platforms). Funders favour Equity model. Optimal model is all-or-nothing pay out with both non-financial and equity crowd funding	All Types - USA & UK
	Level of finance sought	Vulkan, Astebro & Sierra 2016	Average amount of Equity raised £138,000. 138% of goal. Average pledge £1370, These are higher than Rewards where the average amounts raised are $9866 and average pledge $80. Largest pledge accounts for approx. 30% of total goal. Success rates lower on Equity are 33.9%, Rewards are 50% Average number of backers is similar; on Equity is 71 and Rewards is 67. Success factors are early traction, modest goal and a single large pledge (30% of goal), number of backers	Equity - UK
	Design of Benefits	Antonenko, Lee & Kleinheksel 2014	Successful projects offered a tiered system of rewards	All types - USA

Contribution

This paper positions the phenomenon of IECF against the landscape and context of Nascent Entrepreneurs and explores the barriers that face Nascent Entrepreneurs in their start up journey. Research suggests a lack of access to funding as being a fundamental problem faced by Nascent Entrepreneurs. But this paper goes beyond the identification of traditional barriers and focusses on issues that are emerging because of the innovative use of web 2.0 (Agrawal, Catalini & Goldfarb 2015). It delves into new technology and non-technology related barriers that have a potential to impede nascent entrepreneurial activity. The paper contributes to a better understanding of the role and impacts that Web 2.0 and social media is having on the access to finance for nascent entrepreneurs. This paper concludes with a speculation on to how there may be potential for breaking down existing barriers and the emergence of new barriers. Future research questions are proposed based on emergent themes.

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